

Message Text

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NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04

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TO USMISSION OECD PARIS IMMEDIATE

INFO ALL OECD CAPITALS PRIORITY

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E.O. 11652:N/A

TAGS: ETRD

SUBJECT:OECD NOTIFICATION AND GUIDANCE ON CONSULTATIONS

1. WHEN INFORMING OECD SECRETARIAT OF PRESIDENT'S
DECISION IN SPECIALTY STEEL CASE, SUGGEST MISSION CONSIDER
LIMITING FACTUAL PORTION OF TEXT TO FOLLOWING TWO
PARAGRAPHS DRAWN FROM STR PRESS RELEASE. BEGIN TEXT:

THE PRESIDENT HAS DIRECTED THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS TO ATTEMPT TO NEGOTIATE ORDERLY
MARKETING AGREEMENTS WITH KEY SUPPLYING COUNTRIES FOR
SPECIALTY STEEL PRODUCTS COVERED BY THE USITC'S

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AFFIRMATIVE FINDING OF INJURY. IT IS INTENDED THAT THESE

AGREEMENTS LIMIT IMPORTS OVER A THREE YEAR PERIOD, WHILE THE DOMESTIC SPECIALTY STEEL INDUSTRY RECOVERS FROM THE HIGH UNEMPLOYMENT AND DEPRESSED OPERATING LEVELS OF 1975. SHOULD ORDERLY MARKETING AGREEMENTS NOT BE NEGOTIATED SUCCESSFULLY THE PRESIDENT WILL PROCLAIM IMPORT QUOTAS FOR A PERIOD OF THREE YEARS TO TAKE EFFECT NO LATER THAN JUNE 14, 1976. SUCH QUOTAS WOULD BE SET AT OVERALL LEVELS COMPARABLE TO THOSE RECOMMENDED BY THE USITC.

THIS SHOULD BE SUFFICIENT FOR THE INDUSTRY TO RECOVER A HEALTHY EMPLOYMENT AND PROFIT POSITION. RELIEF WILL BE REDUCED OR DISCONTINUED WHEN THE PRESIDENT DETERMINES, WITH THE ADVICE OF THE USITC AND THE SECRETARIES OF COMMERCE AND LABOR, THAT THIS RECOVERY IS TAKING PLACE. END TEXT. THIS SHOULD BE SUPPLEMENTED BY REQUEST FOR CONSULTATIONS TO ALLOW U.S. TO DISCUSS PROBLEMS OF OUR SPECIALTY STEEL INDUSTRY AND PROPOSED U.S. ACTIONS.

2. WE ARE RELATIVELY FLEXIBLE AS TO WHERE WITHIN OECD FRAMEWORK WE SHOULD CONSULT. WE ARE AWARE EC STEEL CONSULTATIONS TOOK PLACE IN COUNCIL FRAMEWORK AND IN VIEW IMPORTANCE OF U.S. DECISION IT WOULD APPEAR COUNCIL LEVEL ATTENTION WOULD ALSO BE APPROPRIATE IN THIS CASE. HOWEVER, WE WOULD ALSO BE WILLING TO ACCEPT TRADE COMMITTEE VENUE IF INITIAL REACTION BY VAN LENNEP AND MAJOR TRADING PARTNERS SHOULD INDICATE THIS AS PREFERABLE APPROACH OR IF THOUGHT DESIRABLE TO STRENGTHEN TRADE COMMITTEE FRAMEWORK.

3. IT CAN BE EXPECTED THAT OTHER OECD MEMBERS WILL RAISE QUESTION OF RELATIONSHIP OF PROPOSED U.S. ACTION TO OECD TRADE PLEDGE. IN THIS CONTEXT WE BELIEVE THAT OUR ACTION IS CONSISTENT WITH THE TERMS OF THE TRADE PLEDGE. THE ACTION WAS NOT TAKEN IN AN OFF-HANDED OR ARBITRARY MANNER, BUT WAS THE RESULT OF A CAREFUL, PUBLIC INVESTIGATION FINDING THAT A U.S. INDUSTRY WAS SUFFERING INJURY AS A RESULT OF IMPORTS. WE WILL, OF COURSE, BE PREPARED TO DISCUSS THIS ASPECT OF OUR ACTION DURING THE COURSE OF ANY CONSULTATIONS. KISSINGER

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